



Putting California's Children First

Agenda Item 8.m.5
5/21/08 Meeting

California Association
Neonatologists

MedNet Medical Associates
Specialty Medical Group
Children's Hospital
Central California

Children's Center at
Tanner Medical Center, Sacramento

Children's First Medical Group
Children's Hospital and
Research Center at Oakland

Children's Specialists of San Diego
Children's Hospital San Diego

Department of Pediatrics
San Francisco Pacific Medical Center
San Francisco

Department of Pediatrics
UCLA Children's Hospital
UCLA Geffen School
of Medicine at UCLA

Department of Pediatrics
Stanford University School
of Medicine

Department of Pediatrics
University of California Davis
Children's Hospital

Department of Pediatrics
University of California
San Francisco Medical Center

Department of Pediatrics
University of California Irvine
Medical Center

Department of Pediatrics
University of California
San Diego Medical Center

Stanford University Children's
Hospital Medical Group

Children's Subspecialty Group

Children's Subspecialty Faculty
Children's Hospital Orange County

University Children's Medical Group
Children's Hospital Los Angeles

May 15, 2008

All attached were
Sent via fax to
all Board members.

Cliff Allenby, Chair
Managed Risk Medical Insurance Board
P.O. Box 2769
Sacramento, CA 95812-2769

**RE: Adoption of Final Regulations Authorizing the Board to Establish a
Waiting List and Authorizing the Board to Require Disenrollments If It
Determines Such Action Necessary Given Inadequate Funding**

Dear Mr. Allenby:

On behalf of the Children's Specialty Care Coalition, representing pediatric subspecialists who are dedicated to ensuring children with special health care needs have access to quality health care, I urge you to vote against adoption of final regulations authorizing MRMIB to establish a waiting list and disenrollments in the Healthy Families Program, item (m), under topic (8) at the May 21st Board meeting. We ask instead that you allow the previously established emergency regulations to expire on June 11, 2008.

We believe that your authorization of this waitlist/disenrollment authority in anticipation of some future, as-yet unforeseen financial insufficiency is unnecessary at this time. These regulations would cause harm to children covered by HFP (current and future), particularly children with special health care needs, and to their families. These regulations fail to protect vulnerable populations of children and would undermine efforts to achieve universal coverage of children and ultimately, broader health care reform, in California. We urge you to reconsider these regulations as proposed and urge you to modify this proposal to protect vulnerable children and consider an alternative approach that would not undermine children's health coverage.

The Regulations are Unnecessary

- Reasonable alternatives exist to the regulations as proposed.
- MRMIB is capable of pursuing emergency regulatory authority, as it did last December if there is an imminent funding shortfall.
- If there is policy issues or funding issues that would create insufficient funds for the current eligibility levels for the Healthy Families Program, we believe, the Legislature should have a role in determining the appropriate course of action, whether it is looking at options to preserve children's coverage or an approach to reducing the Healthy Families caseload.
- Since the Healthy Families program has been implemented, MRMIB has implemented the program carefully in order to stay within budgeted amounts; we

are therefore, surprised and concerned the Board would consider the approach outlined by these regulations since it is such a departure from the State and Board's goals for the program.

- Finally, MRMIB could establish a process whereby HFP enrollees are transferred, temporarily or indefinitely, to Medi-Cal, in the event of a financial shortfall. They would then receive open-ended (albeit lower) federal Medicaid matching funds. Under this approach, if California were to face a shortfall in federal SCHIP funding, even temporarily, children's coverage would not have to be disrupted, and the state would continue receiving federal matching payments.

Harm

- Making permanent regulations that specifically allow MRMIB to stop enrolling new members, place applicants on wait lists, and drop currently enrolled children will confuse subscribers and potential applicants. The current budget uncertainty and other proposed changes to HFP will exacerbate this confusion.
- We know from past experience that confusion of this sort will have a significant chilling effect. In the case of the AIM program, after the imposition of a short-lived waiting list, it took efforts over *several years* to rebuild enrollment in that program. These regulations could undermine a decade of MRMIB's efforts in outreach and enrollment in the Healthy Families Program.
- Adopting these regulations would weaken efforts to preserve federal SCHIP funding by sending the signal that MRMIB will accommodate potential federal cuts by wait-listing or disenrolling children.

The Proposed Regulations Fail to account for vulnerable children who would be harmed by the loss of coverage

- Children whose financial qualification for California Children's Services (CCS) is based solely on enrollment in Healthy Families are particularly at risk under this proposal. As you know, these chronically ill and disabled children are dependent on the interaction between the two programs to get timely appropriate care and avoid higher-cost hospitalizations to the extent possible. These regulations threaten their coverage in *both* programs. (Children *not* enrolled in CCS but under care for chronic conditions or awaiting surgery are similarly threatened by these regulations.)
- There is no specific requirement to involve the Legislature to help resolve any temporary shortfall before waitlists are implemented.
- There is no required evaluation of the impact of waitlists and/or disenrollments (once they have been initiated) on the affected children and on the Program, nor is there a requirement for MRMIB to report those findings to the Legislature. Additionally, there is no stated mechanism to determine whether to continue the waiting lists or disenrollments based on pending financing options or alternative program modifications to allow sufficient funds to be available to cover the projected costs.

- There is no accommodation for children in Healthy Families who are receiving treatment for chronic conditions or are scheduled for surgery.
- There is no mechanism help determine whether children who are waitlisted or disenrollment may be eligible for health coverage elsewhere (e.g. Medi-Cal, local Healthy Kids program, etc.)
- There is no requirement that the Program provide written notification to families of their child's/children's waiting listing or disenrollment.

We know that children without health insurance for even short periods are less likely to receive timely care. These children will be forced to obtain more expensive treatments for conditions that could have been prevented, and their lack of coverage will negatively affect their health, cause their families to incur medical debt, and increase the cost of health care for all Californians. We ask that you take into account this reality as you consider this proposal.

For all the reasons above, we strongly urge you to reject this effort to make permanent the emergency waitlist/disenrollment regulations you passed in December 2007.

Thank you for your consideration.

Sincerely,



Erin Aaberg Givans
Executive Director

cc: The Honorable Shiela Kuehl, Chair, Senate Health Committee
The Honorable Mervyn Dymally, Chair, Assembly Health Committee
Tim Shannon
Thomas S. Klitzner, PhD, President
Board of Directors



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May 15, 2008

Cliff Allenby, Chair
Managed Risk Medical Insurance Board
P.O. Box 2769
Sacramento, CA 95812-2769
FAX: (916) 324-4878

RE: Adoption of Final Regulations Authorizing the Managed Risk Medical Insurance Board to Establish a Waiting List and Create a Process for Disenrollments

Dear Mr. Allenby:

The National Health Law Program is writing to strongly urge you to vote against adoption of final regulations authorizing MRMIB to establish waiting lists and disenrollment procedures in the Healthy Families Program ("the Program" or "HFP") at the May 21st Board meeting. We ask instead that you allow the previously established emergency regulations to expire on June 11, 2008.

The National Health Law Program (NHeLP) is a national public interest law firm that seeks to improve access to quality health care services for America's working and unemployed poor, people of color, children, the elderly and individuals with disabilities. As an organization with over thirty years of experience working with low-income children, NHeLP knows how critical it is that California's children get a healthy start. Enrollment in the Healthy Families Program enables over 850,000 kids in California to obtain a healthy start by ensuring access to much needed health care services.

We believe that adopting regulations which authorize a wait list of children applying for Healthy Families and also disenrollment of those enrolled in the Program in anticipation of some future, as-yet unforeseen budget shortfall is unnecessary and inappropriate. In addition, we anticipate that making permanent these regulations will cause significant harm to children with special health care needs who qualify for California Children's Services solely because of Healthy Families enrollment as well as those who have already scheduled medically necessary surgeries and other procedures covered by the Program. Lack of accommodation and failure to help these children enroll in other health care programs will negatively impact their health.

The Proposed Regulations Are Unnecessary and Inappropriate

Making permanent the regulations that authorize MRMIB to create waitlists for new applicants and disenrollment procedures for current HFP enrollees is unnecessary and inappropriate. Three reasonable alternatives exist. First, in the case of an imminent shortfall, MRMIB is capable of pursuing emergency regulatory authority. Second, funding shortfalls can and should more appropriately be dealt with as part of the legislative process by the Legislature and Administration. The Legislature possesses many options to deal with fiscal issues resulting from a lack of program funding, such as raising additional revenues, cutting spending via other means or shifting funds from other parts of the state budget. Elected officials have the responsibility to address the consequences of the state budget and to determine through the

OTHER OFFICES

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budget process how Healthy Families should be structured. Third, MRMIB could establish a process whereby HFP enrollees are transferred, temporarily or indefinitely, to Medi-Cal, in the event of a financial shortfall. They would then receive open-ended (albeit lower) federal Medicaid matching funds. Under this approach, if California were to face a shortfall in federal SCHIP funding, even temporarily, children's coverage would not have to be disrupted, and the state would continue receiving federal matching payments.

The Proposed Regulations Provide No Accommodation for Children with Chronic Conditions and Others Needing Immediate Specialty Care

Under the proposed regulations, children whose financial qualification for California Children's Services (CCS) is based solely on enrollment in Healthy Families are at high risk for losing CCS coverage. These chronically ill and disabled children are dependent on the interaction between the two programs to get timely, appropriate care and avoid higher-cost hospitalizations to the extent possible. The proposed regulations threaten their coverage under *both* programs. If these children are prevented from enrolling in Healthy Families or disenrolled from the program, they very likely will be found ineligible for CCS and unable to access the health care services that program provides.

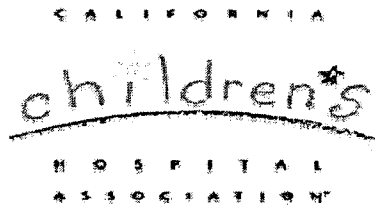
What is especially problematic is that the regulations provide no accommodation for children who are denied enrollment in or affirmatively disenrolled from Healthy Families and therefore disqualified from eligibility for CCS. Similarly, there is no accommodation for children receiving treatment for chronic conditions not covered by CCS and those who already are scheduled for surgery at the time of their disenrollment. Additionally, the proposed regulations provide no mechanism to help determine whether children who are waitlisted or disenrolled may be eligible for other health care programs, such as Medi-Cal or a local Healthy Kids program.

For the reasons stated above, we strongly urge you to reject this effort to make permanent the emergency waitlist/disenrollment regulations you adopted in December 2007. These regulations are unnecessary, inappropriate and, if adopted, will cause significant harm to California's children.

Sincerely,



Manjusha P. Kulkarni
Staff Attorney



May 19, 2008

Richard Figueroa, Board Member
Managed Risk Medical Insurance Board
P.O. Box 2769
Sacramento, CA 95812-2769

**RE: Adoption of Final Regulations Authorizing the Board to Establish a Waiting List
and Authorizing the Board to Require Disenrollments**

Dear Richard:

On behalf of the California Children's Hospital Association, I write to urge you to vote against adoption of final regulations authorizing MRMIB to establish a waiting list and allow for disenrollment in the Healthy Families Program (HFP), item (m), under topic (8) at the May 21st Board meeting.

We believe that the authorization of this waitlist/disenrollment authority in anticipation of some future, as-yet unforeseen financial insufficiency in the program is unnecessary at this time. We are concerned that making permanent these regulations will cause significant harm to not only the children covered by the program, but also to the overall future of the Healthy Families program.

Passage of these regulations could hurt California's efforts to increase its share of federal funding as part of the State Children's Health Insurance Program (SCHIP). With SCHIP reauthorization approaching in March 2009, California now has the opportunity to make the case for the need to receive additional federal SCHIP funding as a result of more children accessing the program. Adopting these regulations could weaken that case by sending the signal that California will accommodate potential federal cuts or shortfalls by wait-listing or disenrolling children.

We are particularly concerned about the impact these regulations will have on children who are receiving treatment for chronic conditions and/or are scheduled for medically necessary surgery. Children whose financial qualification for California Children's Services (CCS) is based solely on enrollment in Healthy Families are particularly at risk under this proposal. As you know, these chronically ill and disabled children are dependent on the interaction between the two programs to get timely appropriate care and avoid higher-cost hospitalizations to the extent possible. These regulations threaten their coverage in both programs. Also, these regulations do not include a mechanism help determine whether children who are waitlisted or disenrolled may be eligible for health coverage elsewhere (e.g. Medi-Cal, local Healthy Kids program, etc.).

Loma Linda University Children's Hospital • Miller Children's Hospital, at Long Beach

Childrens Hospital Los Angeles • Children's Hospital Central California

Children's Hospital and Research Center at Oakland • Children's Hospital of Orange County

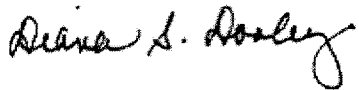
Rady Children's Hospital – San Diego • Lucile Packard Children's Hospital at Stanford

Richard Figueroa
Page 2
May 19, 2008

Children's Hospitals know that children without health insurance for even short periods of time are less likely to receive timely care. These children are forced to obtain more expensive treatments for conditions that could have been prevented or treated sooner in an outpatient setting. This comes at a cost to the children and family served, as well as the health care system.

For all the reasons above, we urge you to seriously reconsider the effort to make permanent the emergency waitlist/disenrollment regulations passed by the MRMIB Board in December 2007. Authorizing these regulations will cause significant harm to the Healthy Families program and to the children and families that rely on it.

Sincerely,

A handwritten signature in black ink, reading "Diana S. Dooley". The signature is fluid and cursive, with the first name "Diana" being more prominent and the last name "Dooley" following in a similar style.

Diana S. Dooley
President & CEO



May 16, 2008

Cliff Allenby, Chair
Managed Risk Medical Insurance Board
P.O. Box 2769
Sacramento, CA 95812-2769
FAX: (916) 324-4878

RE: Adoption of Final Regulations Authorizing the Board to Establish a Waiting List and Authorizing the Board to Require Disenrollments If It Determines Such Action Necessary Given Inadequate Funding

Dear Mr. Allenby:

The California Health Collaborative strongly urges you to vote against adoption of final regulations authorizing MRMIB to establish a waiting list and disenrollments in the Healthy Families Program, item (m), under topic (8) at the May 21st Board meeting. We ask instead that you allow the previously established emergency regulations to expire on June 11, 2008.

In response to community-based initiative, the California Health Collaborative provides program services, health education and advocacy for underserved populations throughout the State. Particular emphasis is placed on those who lack access to health and the unique needs of California's diverse cultural communities.

We believe that your authorization of this waitlist/disenrollment authority in anticipation of some future, as-yet unforeseen financial insufficiency is both unnecessary and inappropriate. In addition, we predict that making permanent these regulations will cause significant harm to the Program, to children covered by HFP (current and future), and to their families. Finally, we draw your attention to the draconian formulation of these regulations as proposed and urge you to reconsider putting these policies into law.

Making permanent regulations that specifically allow MRMIB to stop enrolling new members, place applicants on wait lists, and drop currently enrolled children will confuse subscribers and potential applicants. The current budget uncertainty and other proposed changes to HFP will exacerbate this confusion.

We know from past experience that confusion of this sort will have a significant chilling effect. In 2003, Governor Schwarzenegger proposed freezing enrollment in the HFP beginning on January 1, 2004 due to projected fiscal concerns. While the proposal was never in fact implemented, many advocates, Certified Application Assistors, and other health workers "on the ground" were repeatedly asked about the freeze by clients who had heard stories about enrollment caps and waiting lists. MRMIB has also seen first-hand the chilling effects of even temporary wait lists. In the case of the AIM program, after the imposition of a short-lived waiting list, it took efforts over several years to rebuild enrollment in that program.

These proposed procedures for disenrollments and waiting lists will have negative impacts on the Healthy Families Program itself. Passage of these regulations will send the message to California families that the safety net the state has worked so hard to weave might not catch

them if and when they fall. This would undermine a decade of MRMIB's and communities' investments in Healthy Families outreach and enrollment.

Passage of these regulations could hurt California's efforts to increase its share of federal funding as part of the State Children's Health Insurance Program ("SCHIP"). With SCHIP reauthorization approaching in March 2009, California now has the opportunity to make the case for receiving robust federal SCHIP funding as a result of the need to cover more children through HFP. Adopting these regulations will weaken that case by sending the signal that MRMIB will accommodate potential federal cuts by wait-listing or disenrolling children.

There is no requirement that the Program provide written notification to families of their child's/children's waiting listing or disenrollment.

At the California Health Collaborative, we know that that children without health insurance for even short periods are less likely to receive timely care. These children will be forced to obtain more expensive treatments for conditions that could have been prevented, and their lack of coverage will negatively affect their health, cause their families to incur medical debt, and increase the cost of health care for all Californians. We ask that you take into account this reality as you consider this proposal.

For all the reasons above, we strongly urge you to reject this effort to make permanent the emergency waitlist/disenrollment regulations you passed in December 2007. Authorizing these regulations as permanent is unnecessary, inappropriate, and, if passed, will cause significant harm to the Healthy Families Program and to California children.

Sincerely,

A handwritten signature in black ink, appearing to read "Stan George", with a long, sweeping horizontal line extending to the right.

Stan George
Director



ALLIANCE
The Health Consumer Center
of San Mateo County
www.healthconsumer.org

May 16, 2008

Cliff Allenby, Chair
Managed Risk Medical Insurance Board
P.O. Box 2769
Sacramento, CA 95812-2769
FAX: (916) 324-4878

RE: Adoption of Final Regulations Authorizing the Board to Establish a Waiting List and Authorizing the Board to Require Disenrollments If It Determines Such Action Necessary Given Inadequate Funding

Dear Mr. Allenby,

We, Legal Aid Society of San Mateo County, strongly urge you to vote against adoption of final regulations authorizing MRMIB to establish a waiting list and disenrollments in the Healthy Families Program, item (m), under topic (8) at the May 21st Board meeting. We ask instead that you allow the previously established emergency regulations to expire on June 11, 2008.

At Legal Aid Society of San Mateo County, we provide legal services to low-income families, seniors, persons with disabilities, and domestic violence survivors in San Mateo County. The adoption of these regulations would adversely impact many of the clients that we serve, as many have children on Medi-Cal, Healthy Families, or Healthy Kids.

Your authorization of this waitlist/disenrollment authority in anticipation of some future, as-yet unforeseen financial insufficiency is both unnecessary and inappropriate. In addition, we predict that making permanent these regulations will cause significant harm to the Program, to children covered by HFP (current and future), and to their families. Finally, these regulations are draconian formulation as proposed and we urge you to reconsider putting these policies into law.

Permanent regulations authorizing MRMIB to create waitlists for new applicants and disenrollment procedures for current enrollees are unnecessary; three reasonable alternatives exist. First, in the case of an imminent shortfall, MRMIB is capable of pursuing emergency regulatory authority. Second, funding shortfalls – most likely state or federal SCHIP insufficiencies – can and should more appropriately be dealt with as part of the regular legislative process by the Legislature and Administration. Elected officials have the responsibility to address the consequences of the state budget and to determine through the budget process how Healthy Families should be structured. Third, MRMIB could also establish a process whereby HFP enrollees are transferred, temporarily or indefinitely, to Medi-Cal, in the event of a financial shortfall. They would then receive open-ended (albeit lower) federal Medicaid matching funds.

THE NATALIE LANAM JUSTICE CENTER

571 EAST 5TH AVENUE • SAN MATEO, CA 94402 • 650.558.0915 • FAX 650.558.0673 • TOLL-FREE 800.381.8893

Under this approach, if California were to face a shortfall in federal SCHIP funding, even temporarily, children's coverage would not have to be disrupted, and the state would continue receiving federal matching payments.

Permanent regulations that specifically allow MRMIB to stop enrolling new members, place applicants on wait lists, and drop currently enrolled children will confuse subscribers and potential applicants. The current budget uncertainty and other proposed changes to HFP will exacerbate this confusion. These proposed procedures for disenrollments and waiting lists will have negative impacts on the Healthy Families Program itself. Passage of these regulations will send the message to California families that the safety net the state has worked so hard to weave might not catch them if and when they fall. This would undermine a decade of MRMIB's and communities investments in Healthy Families outreach and enrollment.

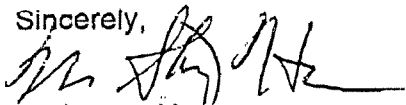
This proposal is draconian in nature. Children whose financial qualification for California Children's Services (CCS) is based solely on enrollment in Healthy Families are particularly at risk under this proposal. As you know, these chronically ill and disabled children are dependent on the interaction between the two programs to get timely appropriate care and avoid higher-cost hospitalizations to the extent possible. These regulations threaten their coverage in both programs. (Children not enrolled in CCS but under care for chronic conditions or awaiting surgery are similarly threatened by these regulations.)

This proposal does not take into consideration what the impact of waitlists and/or disenrollments would have on the affected children and their parents. There is no accommodation for children in Healthy Families who are receiving treatment for chronic conditions or are scheduled for surgery. There is no mechanism help determine whether children who are waitlisted or disenrollment may be eligible for health coverage elsewhere (e.g. Medi-Cal, local Healthy Kids program, etc.). There is no requirement that the Program provide written notification to families of their child's/children's waiting listing or disenrollment.

At Legal Aid Society of San Mateo County, we know that children without health insurance for even short periods are less likely to receive timely care. These children will be forced to obtain more expensive treatments for conditions that could have been prevented, and their lack of coverage will negatively affect their health, cause their families to incur medical debt, and increase the cost of health care for all Californians. We ask that you take into account this reality as you consider this proposal.

For all the reasons above, we strongly urge you to reject this effort to make permanent the emergency waitlist/disenrollment regulations you passed in December 2007. Authorizing these regulations as permanent is unnecessary, inappropriate, and, if passed, will cause significant harm to the Healthy Families Program and to California children.

Sincerely,



M. Stacey Hawver

Executive Director

Legal Aid Society of San Mateo County

CHC

Community Health Councils, Inc.

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May 16, 2008

Chairman Cliff Allenby
Managed Risk Medical Insurance Board
P.O. Box 2769
Sacramento, CA 95812-2769**RE: Adoption of Final Regulations Authorizing the Board to
Establish a Waiting List and Disenrollment Policy**

Dear Chairman Cliff Allenby:

Community Health Councils strongly urges you to reject adoption of final regulations authorizing MRMIB to establish a waiting list and disenrollments in the Healthy Families Program: topic (8), item (m) at the May 21st Board meeting.

We are greatly concerned with the implications of the regulations that will be presented at the Board meeting and are disappointed that these regulations are being proposed without substantive modification. We believe that the proposed waitlist/disenrollment authority is unnecessary, inappropriate, and potentially in violation of the law. Most importantly, we predict that these regulations will cause significant harm to the Healthy Families Program and the children it covers, without regard to the most vulnerable children.

Unnecessary, Inappropriate, and Unlawful

Making permanent regulations that authorize MRMIB to create waitlists for new applicants and disenrollment procedures for current Healthy Families Program (HFP) enrollees is both unnecessary at this time and an inappropriate response to a non-existent financial shortfall.

As you know, in the case of an impending fiscal shortfall, MRMIB is capable of pursuing emergency regulatory authority; the Board chose to respond to SCHIP reauthorization uncertainty in late 2007 by passing emergency regulations at the December Board Meeting. The Board maintains the authority to do so at other future times as well. In addition, funding shortfalls – most likely state or federal SCHIP insufficiencies – can also appropriately be dealt with as part of the legislative or budget process by the Legislature and Administration.

We believe there are more effective and far less damaging alternative approaches to addressing shortfalls than proposed in the draft regulations. In fact, state law requires the most reasonable approach be taken: the

Administrative Procedures Act (Section 11346.2(B)(3)(A) of the Government Code) requires an agency to describe any reasonable alternatives to a proposed regulation and state the reasons for rejecting those alternatives.

We believe there is the lack of information demonstrating that all options have been thoroughly explored and dismissed. It is our expectation that MRMIB would explore all potential options while minimizing the impact on children and families supported by these programs.

We would therefore ask that MRMIB report to the Board:

- All potential policy options for addressing funding shortfalls. This would include looking at all programs funded by Title XXI and where the State and/or the Medical program may be able to absorb some of those program costs.
- Criteria to evaluate proposed policy options, including which policies—
 - maximize the number of children/families currently enrolled and retained in the program
 - maximize and leverage available funding sources
 - minimize the disruption of services
 - minimize the loss of benefits
 - minimize the cost to families while retaining enrollment.

The Chilling Effect: Harm to Healthy Families and Confusion for Families

Most significantly, we feel compelled to raise our strong concerns because of the potential harm and confusion the regulations will cause. Such harm and confusion will only be exacerbated by the current budget uncertainty and economic downturn disproportionately affecting Healthy Families program families.

We know from past experience that this sort of action will have a significant chilling effect. In 2003, Governor Schwarzenegger proposed freezing enrollment in the HFP beginning on January 1, 2004 due to projected fiscal concerns. While the proposal was never in fact implemented, many advocates, Certified Application Assistors, and other health workers "on the ground" were repeatedly asked about the freeze by clients who had heard stories about enrollment caps and waiting lists. MRMIB has also seen first-hand the chilling effects of even temporary wait lists. In the case of the AIM program, after the imposition of a short-lived waiting list, it took efforts over *several years* to rebuild enrollment in that program.

Passage of these regulations will send the message to California families that the safety net the state has worked so hard to weave might not catch them if and when they fall. This would undermine a decade of MRMIB's and communities' investments in Healthy Families outreach and enrollment.

We also believe that passage of these regulations could hurt California's efforts to increase its share of federal funding as part of the State Children's Health Insurance Program ("SCHIP"). With SCHIP reauthorization approaching in March 2009, California now has the opportunity to make the case for receiving robust federal SCHIP funding as a result of the need to cover more children through HFP. Adopting these

regulations will weaken that case by sending the signal that MRMIB will accommodate potential federal cuts by wait-listing or disenrolling children.

No Special Consideration for the Most Vulnerable Children

Aside from the general harm likely caused by the authorization for waiting lists and disenrollments, the details of the proposed design raise serious concerns – especially with regard to how families and children with special needs are treated in the process. For example:

- There are no exceptions or coordinated care considerations made for the most vulnerable children. For instance, the regulations as proposed would put at risk children under care for chronic conditions or children with special needs, such as children qualifying for California Children's Services (CCS) whose eligibility for CCS is contingent on their status as Healthy Families enrollees;
- There is no required evaluation or reporting on the impact of waitlists and/or disenrollments (once initiated) on the affected children and on the Program;
- There is no mechanism to determine whether children who are waitlisted or disenrolled may be eligible for health coverage elsewhere (e.g. Medi-Cal, local Healthy Kids program, etc.);
- There is no requirement that the Program provide written notification to families of their child's/children's wait listing or disenrollment.

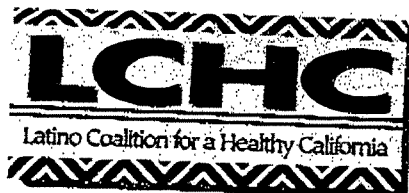
We know that your obligation is to be a prudent administrator of the Healthy Families Program and put as paramount the interest of children covered by the Program. It is for this reason and all the reasons stated above that we strongly urge you to reject the effort to make permanent these emergency waitlist/disenrollment regulations. The effects otherwise will be significant and long lasting. There are less damaging approaches that we urge you to consider that will also enable the Board to meet its fiduciary responsibility to the Program and Healthy Families children.

Thank you for your consideration.

Sincerely,


Lark Galloway-Gilliam
Community Health Councils

CC: Areta Crowell, Ph.D.
Richard Figueroa, M.B.A.
Sophia Chang, M.D., M.P.H.
Jack Campana, Chair, HFP Advisory Panel
Dale E. Bonner, Secretary, Business, Transportation & Housing Agency
(Designee: Ed Heidig)
Kimberly Belshe, Secretary, Health & Human Services Agency
(Designee: Ruth Liu)
Lesley Cummings, MRMIB

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Vanessa Cajina, BS
Regional Networks Coordinator

Daniela Reynoso-Miranda, BA
Policy Analyst, Latino Health Alliance

Linda Nguy, BA
Policy Associate

Judy Melson, BA
Office Manager

+Affiliation for Identification Only
LCHC is a project of the Tides Center,
a nonprofit public charity exempt from
federal income tax under sections
501(c)(3) and 509(a)(1) of the Internal
Revenue Code.

May 16, 2008

Mr. Cliff Allenby, Chair
Managed Risk Medical Insurance Board
P.O. Box 2769
Sacramento, CA 95812-2769

RE: Adoption of Final Regulations Authorizing the Board to Establish a Waiting List and Authorizing the Board to Require Disenrollments if it Determines Such Action Necessary Given Inadequate Funding

Dear Mr. Allenby:

Since 1992, the Latino Coalition for a Healthy California (LCHC) has been a major voice for improving and protecting the health of all Californians. As the leading voice on Latino health, we have assisted decision-makers throughout the state to develop policies, services and the social, economic, and environmental conditions that improve the health of Latinos. As such, LCHC must respectfully urge you to reject adoption of final regulations authorizing MRMIB to establish a waiting list and disenrollments in the Healthy Families Program: topic (8), item (m) at the upcoming May 21st Board meeting.

We are greatly concerned with the implications of the regulations that will be presented at the Board meeting and are disappointed that these regulations are being proposed without substantive modification. We believe that the proposed waitlist/disenrollment authority is unnecessary, inappropriate, and potentially in violation of the law. Most importantly, we are concerned that these regulations will cause significant harm to the Healthy Families Program and the children it covers, without regard to the most vulnerable children.

This is of particular concern for us, given that Latino children are the majority of those served by the Healthy Families Program (HFP). As you are aware, more than half a million Latino children depend on Healthy Families for their health care coverage.

Unnecessary, Inappropriate, and Unlawful

Making permanent regulations that authorize MRMIB to create waitlists for new applicants and disenrollment procedures for current Healthy Families Program (HFP) enrollees is both unnecessary at this time and an inappropriate response to a non-existent financial shortfall.

As you know, in the case of an impending fiscal shortfall, MRMIB is capable of pursuing emergency regulatory authority; the Board chose to respond to SCHIP reauthorization uncertainty in late 2007 by passing emergency regulations at the December Board Meeting. The Board maintains the authority to do so at other future times as well. In addition, funding shortfalls – most likely state or federal SCHIP insufficiencies – can also appropriately be dealt with as part of the legislative or budget process by the Legislature and Administration.

There are more effective and far less damaging alternative approaches to addressing shortfalls than proposed in the draft regulations. In fact, state law requires the most reasonable approach be taken: the Administrative Procedures Act (Section 11346.2(B)(3)(A) of the Government Code) requires an agency to describe any reasonable alternatives to a proposed regulation and state the reasons for rejecting

Latino Coalition for a Healthy California
1225 Eighth Street Suite 550
Sacramento, CA 95814
Telephone: (916) 448-3234
Fax: (916) 448-3248

those alternatives. In MRMIB's Notice of Proposed Rulemaking, R-2-07, staff acknowledge that MRMIB must determine that no reasonable alternative considered by the agency, or brought to the agency's attention, would be more effective in carrying out the purpose for which the adoption of this regulation is proposed, or would be as effective as, and less burdensome to, affected private persons than the proposed action. Without a sufficient response to this as-effective, less-burdensome alternative to the proposed regulations, MRMIB would be in violation of the rulemaking requirement. If passed as such, the regulations are vulnerable to petition and, ultimately, to being overturned.

Adding Confusion for Families

Secondly, we are concerned about the potential harm and confusion passage of such premature regulations will cause that will only be exacerbated by the current budget uncertainty and economic downturn disproportionately affecting Healthy Families' families. We believe that passage of these regulations will signal California's families that the safety net the state has worked so hard to weave might not catch them if and when they fall. This would undermine a decade of MRMIB's and communities' investments in Healthy Families outreach and enrollment.

We are also concerned that passage of these regulations could hurt California's efforts to increase its share of federal funding as part of the State Children's Health Insurance Program ("SCHIP"). With SCHIP reauthorization approaching in March 2009, California now has the opportunity to make the case for receiving robust federal SCHIP funding as a result of the need to cover more children through HFP. Adopting these regulations will weaken that case by sending the signal that MRMIB will accommodate potential federal cuts by wait-listing or disenrolling children.

No Special Consideration for the Most Vulnerable Children


Aside from the general harm likely caused by the authorization for waiting lists and disenrollments, the details of the proposed design raise serious concerns. For example:

- There are no exceptions or coordinated care considerations made for the most vulnerable children.
- There is no required evaluation or reporting on the impact of waitlists and/or disenrollments (once initiated) on the affected children and on the Program;
- There is no mechanism to determine whether children who are waitlisted or disenrolled may be eligible for health coverage elsewhere (e.g. Medi-Cal, local Healthy Kids program, etc.);
- There is no requirement that the Program provide written notification to families of their child's/children's wait listing or disenrollment.

We know that you are a careful steward of the Healthy Families Program and put as paramount the interest of children covered by the Program. It is for this reason and all the reasons stated above that we strongly urge you to reject the effort to make permanent these emergency waitlist/disenrollment regulations. The effects otherwise will be significant and long lasting. There are less damaging approaches that we urge you to consider that will also enable the Board to meet its fiduciary responsibility to the Program and Healthy Families children.

Thank you for your consideration. If there is any further that we can provide, please do not hesitate to contact me directly at (916) 448-3234.

Sincerely,



Al Hernandez Santana
Executive Director

CC: Lesley Cummings, MRMIB
Cliff Sarkin, Children's Defense Fund



Northeast Valley Health Corporation

1172 North Maclay Avenue • San Fernando, California 91340-1300

May 16, 2008 (818) 898-1388 • Fax (818) 365-4031 • www.nevhc.org

"Caring for the community's health."

Kimberly Wyard, C.E.O.

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HEALTH CENTERS

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12756 Van Nuys Boulevard
Pacoima, CA 91331
(818) 896-0531

San Fernando

1600 San Fernando Road
San Fernando, CA 91340
(818) 365-8086

Sun Valley

7223 N. Fair Ave.
Sun Valley, CA 91352
(818) 432-4400

LAC - Canoga Park

7107 Remmel Avenue
Canoga Park, CA 91303
(818) 340-3570

LAC - Valencia

23763 Valencia Boulevard
Valencia, CA 91355
(661) 287-1551

Pediatric Health & WIC Center

7138 Van Nuys Blvd.
Van Nuys, CA 91405
(818) 778-6240

Dale E. Bonner, Secretary

Business, Transportation & Housing Agency

Managed Risk Medical Insurance Board

P.O. Box 2769

Sacramento, CA 95812-2769

FAX: 916-324-4878

**RE: Adoption of Final Regulations Authorizing Establishment of Waiting List;
Authorizing the Board to Require Disenrollments if it Determines Such Action
Necessary Given Inadequate Funding**

Dear Mr. Bonner:

Northeast Valley Health Corporation (NEVHC) strongly urge you to vote against the adoption of final regulations authorizing MRMIB to establish a waiting list and disenrollments in the Healthy Families Program at the May 21st Board meeting. We ask instead, that you allow the previously established emergency regulations to expire on June 11, 2008.

NEVHC is a federally qualified health center with 12 licensed and accredited facilities in the San Fernando and Santa Clarita valleys of Los Angeles County. In 2007 we provided over 177,000 patient visits to the indigent and low income families of our communities.

We believe that your authorization of this waitlist/disenrollment authority in anticipation of some future, as-yet unforeseen financial insufficiency is both unnecessary and inappropriate. In addition, we predict that making permanent these regulations will cause significant harm to the Program, to children covered by HFP (current and future), and to their families.

Three reasonable alternatives exist. First, in the case of an imminent shortfall, MRMIB is capable of pursuing emergency regulatory authority. Second, funding shortfalls – most likely state or federal SCHIP insufficiencies – can and should more appropriately be dealt with as part of the regular legislative process by the Legislature and Administration. The Legislature controls many more options than does the Board to deal with fiscal issues resulting from a lack of program funding. These include raising additional revenues, cutting spending via other means or shifting funds from other parts of the state budget to HFP. Third, MRMIB could also establish a process whereby HFP enrollees are transferred to Medi-Cal, in the event of a financial shortfall. They would then receive open-ended federal Medicaid matching funds. Under this approach, if California were to face a shortfall in federal SCHIP funding, children's coverage would not have to be disrupted, and the state would continue receiving federal matching payments.

Making permanent regulations that specifically allow MRMIB to stop enrolling new members, place applicants on wait lists, and drop currently enrolled children will confuse subscribers and potential applicants. The current budget uncertainty and other proposed changes to HFP will exacerbate this confusion.

These proposed procedures for disenrollments and waiting lists will have negative impacts on the Healthy Families Program itself. Passage of these regulations will send the message to California families that the safety net the state has worked so hard to weave might not catch them if and when they fall. This would undermine a decade of MRMIB's and communities' investments in Healthy Families outreach and enrollment.

Passage of these regulations could hurt California's efforts to increase its share of federal funding as part of the State Children's Health Insurance Program ("SCHIP"). With SCHIP reauthorization approaching in March 2009, California now has the opportunity to make the case for receiving robust federal SCHIP funding as a result of the need to cover more children through HFP. Adopting these regulations will weaken that case by sending the signal that MRMIB will accommodate potential federal cuts by wait-listing or disenrolling children.

MRMIB, May 16, 2008
Page 2

Under this proposal, children whose financial qualification for California Children's Services (CCS) is based solely on enrollment in Healthy Families are particularly at risk. As you know, these chronically ill and disabled children are dependent on the interaction between the two programs to get timely appropriate care and avoid higher-cost hospitalizations to the extent possible. These regulations threaten their coverage in *both* programs. Children *not* enrolled in CCS but under care for chronic conditions or awaiting surgery are similarly threatened by these regulations.

- There is no specific requirement to involve the Legislature to help resolve any temporary shortfall before waitlists are implemented.
- There is no required evaluation of the impact of waitlists and/or disenrollments (once they have been initiated) on the affected children and on the Program, nor is there a requirement for MRMIB to report those findings to the Legislature. Additionally, here is no stated mechanism to determine whether to continue the waiting lists or disenrollments based on pending financing options or alternative program modifications to allow sufficient funds to be available to cover the projected costs.
- There is no accommodation for children in Healthy Families who are receiving treatment for chronic conditions or are scheduled for surgery.
- There is no mechanism help determine whether children who are waitlisted or disenrollment may be eligible for health coverage elsewhere (e.g. Medi-Cal, local Healthy Kids program, etc.)
- There is no requirement that the Program provide written notification to families of their child's/children's waiting listing or disenrollment.

At Northeast Valley Health Corporation, we know that that children without health insurance for even short periods are less likely to receive timely care. These children will be forced to obtain more expensive treatments for conditions that could have been prevented, and their lack of coverage will negatively affect their health, cause their families to incur medical debt, and increase the cost of health care for all Californians. We ask that you take into account this reality as you consider this proposal.

For all the reasons above, we strongly urge you to reject this effort to make permanent the emergency waitlist/disenrollment regulations you passed in December 2007. Authorizing these regulations as permanent is unnecessary, inappropriate, and, if passed, will cause significant harm to the Healthy Families Program and to California children.

Sincerely,


Kimberly Wyard, CEO

Having Our Say!

Communities of Color's Stake in Health Care Reform

May 16, 2008

Cliff Allenby, Chair
Managed Risk Medical Insurance Board
P.O. Box 2769
Sacramento, CA 95812-2769
Fax: (916) 324-4878

Re: Oppose the Adoption of Final Regulations Authorizing Establishment of a Wait List and Disenrollment from Healthy Families

Dear Mr. Allenby:

On behalf of the *Having Our Say (HOS)* coalition, representing over 30 organizations of communities of color, we strongly encourage MRMIB to allow for the expiration of the previously established emergency regulations authorizing waiting lists and disenrollment from the Healthy Families program. This item is listed as (m), under topic (8) on the May 21st Board meeting agenda. We request that the Board *vote against* finalizing these regulations.

Families will lose trust in the Healthy Families Program

Since its inception the Healthy Families program has had many challenges building and maintaining enrollment, especially among communities of color and limited English speaking populations. In recent years, efforts by advocates and policymakers have helped build the trust of community members about the Healthy Families program so that eligible children have been enrolled and are getting the care they need. These efforts have included simplifying the application process, prioritizing culturally and linguistically appropriate outreach, and creating linkages between health and human services programs to streamline enrollment. As a result, the Healthy Families program has enrolled over 800,000 children, the majority of whom are from communities of color, providing them with the essential health coverage.

Finalizing the regulations that allow for waitlists and disenrollment from the Healthy Families program would reverse the positive inroads we have made in gaining families' trust, which over the long run will have devastating impacts on the health of our children.

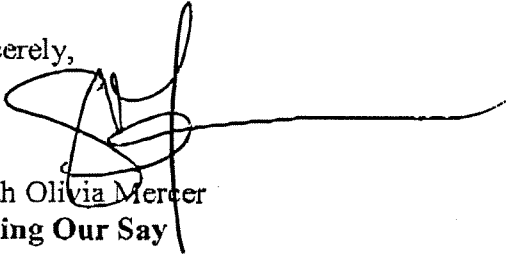
Children will not receive the health care they need

Further, by making final these drastic and unnecessary changes to the program, it will send a clear message to families that their children's health does not matter. Many of these families do not have the time or resources to continue checking in on the wait list or going back to re-enroll time and time again. These families are struggling to make ends meet and ensure their children are healthy. Finalizing this authority for the Board makes it too easy for children to be denied health care coverage when the budget faces difficult times.

We know that California is facing a significant budget crisis and that there are tough decisions to be made. However, cutting programs that help prevent medical emergencies and chronic illness is shortsighted.

We sincerely ask that you do not support finalizing the emergency regulations due to the number of negative impacts that could result in the Healthy Families program. Please contact Sarah Olivia Mercer, Having Our Say project director, at (510) 832-1132 or email smerecer@cpehn.org if you have any questions.

Sincerely,



Sarah Olivia Mercer
Having Our Say

Having Our Say individual member sign ons:

Centro Binacional Para el Desarrollo Indigena Oaxaqueno
The Greenlining Institute
California Primary Care Association
California Optometric Association
California Partnership
California Pan Ethnic Health Network
California Immigrant Policy Center
California Black Health Network
ACLU of Southern California
Asian Health Services
Korean Resource Center
Central Valley Partnership for Citizenship
Coalition for Human Immigrant Rights of Los Angeles
Asian Pacific American Legal Center
Pat Brown Institute – Health Outreach Policy Center

Cc: Lesley Cummings, Executive Director, MRMIB
MRMIB Board Members

Areta Crowel, Ph.D.
Richard Figueroa, MBA
Sophia Chang, MD, MPH
Jack Campana, Chair, HFP Advisory Panel
Dale E. Bonner, Secretary, Business, Transportation & Housing Agency
S. Kimberly Belshe, Secretary, Health & Human Services Agency



The Health Consumer Alliance

2639 S. La Cienega Blvd. ♦ Los Angeles, CA 90034

Phone 310-204-4900 ♦ Fax 310-204-0891

May 16, 2008

Cliff Allenby, Chair
Managed Risk Medical Insurance Board
P.O. Box 2769
Sacramento, CA 95812-2769
FAX: (916) 324-4878

RE: Adoption of Final Regulations Authorizing the Managed Risk Medical Insurance Board to Establish a Waiting List and Create a Process for Disenrollments

Dear Mr. Allenby:

The National Health Law Program is writing to strongly urge you to vote against adoption of final regulations authorizing MRMIB to establish waiting lists and disenrollment procedures in the Healthy Families Program ("the Program" or "HFP") at the May 21st Board meeting. We ask instead that you allow the previously established emergency regulations to expire on June 11, 2008.

The Health Consumer Alliance (HCA) is a statewide partnership of nine consumer assistance programs and two support centers, National Health Law Program and Western Center on Law and Poverty. HCA's local Health Consumer Centers operate in thirteen counties that, together, include more than three fifths of poor Californians: Alameda, El Dorado, Fresno, Imperial, Kern, Los Angeles, Orange, Placer, Sacramento, San Diego, San Francisco, San Mateo and Yolo. Our common mission is to help low-income people obtain essential health care. Housed within nine community-based legal services organizations, the Health Consumer Centers see clients who have problems accessing medical care, often through Medi-Cal and Healthy Families, and provide critical legal services to enable these clients to obtain benefits. Since opening its doors in October 1998, HCA has helped more than 56,500 low-income consumers with health access problems.

As a statewide collaborative dedicated to helping low-income individuals access quality health care services, HCA recognizes the immense value of the Health Families Program for California families. For several years, Health Consumer Alliance advocates have been meeting with Managed Risk Medical Insurance Board (MRMIB) Executive Director Lesley Cummings (and

Health Consumer Alliance Partners

Consumer Centers

Fresno County
Imperial County
Kern County
Los Angeles County
Orange County
Sacramento area
San Diego County
San Francisco &
Alameda Counties
San Mateo County
Lead Agency

Community Health Advocacy Project
Health Consumer Center of San Mateo County
National Health Law Program

Consumer Center Sponsors

Central California Legal Services
California Rural Legal Assistance
Greater Bakersfield Legal Assistance
Neighborhood Legal Services of Los Angeles County
Legal Aid Society of Orange County
Legal Services of Northern California
Legal Aid Society of San Diego

Bay Area Legal Aid
Legal Aid Society of San Mateo
State Support Western Center On Law and Poverty, Inc.

before her, Sandra Shewry) and her senior staff to discuss concerns about the Healthy Families Program as well as its successes and to provide input to the staff that might be helpful in improving the operation of the program. While we appreciate the fiscal concerns MRMIB staff has regarding the delay in federal SCHIP reauthorization, HCA believes that adopting regulations which authorize a wait list of children applying for Healthy Families and also disenrollment of those enrolled in the Program in anticipation of some future, as-yet unforeseen budget shortfall is unnecessary and inappropriate. In addition, we anticipate that making permanent these regulations will cause significant harm to children with special health care needs who qualify for California Children's Services solely because of Healthy Families enrollment as well as those who have already scheduled medically necessary surgeries and other procedures covered by the Program. Lack of accommodation and failure to help these children enroll in other health care programs will negatively impact their health.

The Proposed Regulations Are Unnecessary and Inappropriate

Making permanent the regulations that authorize MRMIB to create waitlists for new applicants and disenrollment procedures for current HFP enrollees is unnecessary and inappropriate. Three reasonable alternatives exist. First, in the case of an imminent shortfall, MRMIB is capable of pursuing emergency regulatory authority. Second, funding shortfalls can and should more appropriately be dealt with as part of the legislative process by the Legislature and Administration. The Legislature possesses many options to deal with fiscal issues resulting from a lack of program funding, such as raising additional revenues, cutting spending via other means or shifting funds from other parts of the state budget. Elected officials have the responsibility to address the consequences of the state budget and to determine through the budget process how Healthy Families should be structured. Third, MRMIB could establish a process whereby HFP enrollees are transferred, temporarily or indefinitely, to Medi-Cal, in the event of a financial shortfall. They would then receive open-ended (albeit lower) federal Medicaid matching funds. Under this approach, if California were to face a shortfall in federal SCHIP funding, even temporarily, children's coverage would not have to be disrupted, and the state would continue receiving federal matching payments.

The Proposed Regulations Provide No Accommodation for Children with Chronic Conditions and Others Needing Immediate Specialty Care

Under the proposed regulations, children whose financial qualification for California Children's Services (CCS) is based solely on enrollment in Healthy Families are at high risk for losing CCS coverage. These chronically ill and disabled children are dependent on the interaction between the two programs to get timely, appropriate care and avoid higher-cost hospitalizations to the extent possible. The proposed regulations threaten their coverage under *both* programs. If these children are prevented from enrolling in Healthy Families or disenrolled from the program, they very likely will be found ineligible for CCS and unable to access the health care services that program provides.

What is especially problematic is that the regulations provide no accommodation for children who are denied enrollment in or affirmatively disenrolled from Healthy Families and therefore disqualified from eligibility for CCS. Similarly, there is no accommodation for children receiving

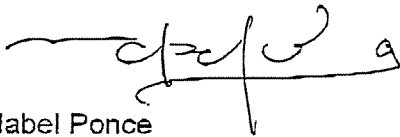
Health Consumer Alliance Partners

	<u>Consumer Centers</u>	<u>Consumer Center Sponsors</u>
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Imperial County	Health Consumer Center of Imperial Valley	California Rural Legal Assistance
Kern County	Kern Health Consumer Center	Greater Bakersfield Legal Assistance
Los Angeles County	Health Consumer Center of Los Angeles	Neighborhood Legal Services of Los Angeles County
Orange County	Orange County Health Consumer Action Center	Legal Aid Society of Orange County
Sacramento area	Health Rights Hotline	Legal Services of Northern California
San Diego County	Consumer Ctr. for Health Education & Advocacy	Legal Aid Society of San Diego
San Francisco &		
Alameda Counties	Community Health Advocacy Project	Bay Area Legal Aid
San Mateo County	Health Consumer Center of San Mateo County	Legal Aid Society of San Mateo
<u>Lead Agency</u>	National Health Law Program	<u>State Support</u> Western Center On Law and Poverty, Inc.

treatment for chronic conditions not covered by CCS and those who already are scheduled for surgery at the time of their disenrollment. Additionally, the proposed regulations provide no mechanism to help determine whether children who are waitlisted or disenrolled may be eligible for other health care programs, such as Medi-Cal or a local Healthy Kids program.

For the reasons stated above, we strongly urge you to reject this effort to make permanent the emergency waitlist/disenrollment regulations you adopted in December 2007. These regulations are unnecessary, inappropriate and, if adopted, will cause significant harm to California's children.

Sincerely,



Mabel Ponce
HCA, Director

Health Consumer Alliance Partners

Consumer Centers

Fresno County
Imperial County
Kern County
Los Angeles County
Orange County
Sacramento area
San Diego County
San Francisco &
Alameda Counties
San Mateo County
Lead Agency

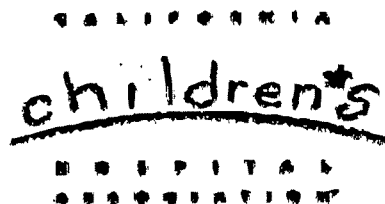
Fresno Health Consumer Center
Health Consumer Center of Imperial Valley
Kern Health Consumer Center
Health Consumer Center of Los Angeles
Orange County Health Consumer Action Center
Health Rights Hotline
Consumer Ctr. for Health Education & Advocacy

Community Health Advocacy Project
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Consumer Center Sponsors

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Neighborhood Legal Services of Los Angeles County
Legal Aid Society of Orange County
Legal Services of Northern California
Legal Aid Society of San Diego

Bay Area Legal Aid
Legal Aid Society of San Mateo
State Support Western Center On Law and Poverty, Inc.



May 19, 2008

Cliff Allenby, Chair
Managed Risk Medical Insurance Board
P.O. Box 2769
Sacramento, CA 95812-2769

**RE: Adoption of Final Regulations Authorizing the Board to Establish a Waiting List
and Authorizing the Board to Require Disenrollments**

Dear Mr. Allenby:

On behalf of the California Children's Hospital Association, I write to urge you to vote against adoption of final regulations authorizing MRMIB to establish a waiting list and allow for disenrollment in the Healthy Families Program (HFP), item (m), under topic (8) at the May 21st Board meeting.

We believe that the authorization of this waitlist/disenrollment authority in anticipation of some future, as-yet unforeseen financial insufficiency in the program is unnecessary at this time. We are concerned that making permanent these regulations will cause significant harm to not only the children covered by the program, but also to the overall future of the Healthy Families program.

Passage of these regulations could hurt California's efforts to increase its share of federal funding as part of the State Children's Health Insurance Program (SCHIP). With SCHIP reauthorization approaching in March 2009, California now has the opportunity to make the case for the need to receive additional federal SCHIP funding as a result of more children accessing the program. Adopting these regulations could weaken that case by sending the signal that California will accommodate potential federal cuts or shortfalls by wait-listing or disenrolling children.

We are particularly concerned about the impact these regulations will have on children who are receiving treatment for chronic conditions and/or are scheduled for medically necessary surgery. Children whose financial qualification for California Children's Services (CCS) is based solely on enrollment in Healthy Families are particularly at risk under this proposal. As you know, these chronically ill and disabled children are dependent on the interaction between the two programs to get timely appropriate care and avoid higher-cost hospitalizations to the extent possible. These regulations threaten their coverage in both programs. Also, these regulations do not include a mechanism help determine whether children who are waitlisted or disenrolled may be eligible for health coverage elsewhere (e.g. Medi-Cal, local Healthy Kids program, etc.).

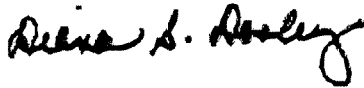
Loma Linda University Children's Hospital • Miller Children's Hospital, at Long Beach
Children's Hospital Los Angeles • Children's Hospital Central California
Children's Hospital and Research Center at Oakland • Children's Hospital of Orange County
Rady Children's Hospital - San Diego • Lucile Packard Children's Hospital at Stanford

Cliff Allenby
Page 2
May 19, 2008

Children's Hospitals know that children without health insurance for even short periods of time are less likely to receive timely care. These children are forced to obtain more expensive treatments for conditions that could have been prevented or treated sooner in an outpatient setting. This comes at a cost to the children and family served, as well as the health care system.

For all the reasons above, we urge you to seriously reconsider the effort to make permanent the emergency waitlist/disenrollment regulations passed by the MRMIB Board in December 2007. Authorizing these regulations will cause significant harm to the Healthy Families program and to the children and families that rely on it.

Sincerely,



Diana S. Dooley
President & CEO

blue of california

June 16, 2008

Cliff Allenby, Chair
Managed Risk Medical Insurance Board
P.O. Box 2769
Sacramento, CA 95812-2769
Fax (916) 327-6560

RE: Adoption of Final Regulations Authorizing the Board to Establish a Waiting List and Authorizing the Board to Require Disenrollments If It Determines Such Action Necessary Given Inadequate Funding

Dear Mr. Allenby:

We, Blue Shield of California, strongly urge you to vote against adoption of final regulations authorizing MRMIB to establish a waiting list and disenrollments in the Healthy Families Program, item (m), under topic (8) at the May 21st Board meeting. We ask instead that you allow the previously established emergency regulations to expire on June 11, 2008.

As one of the largest not-for-profit health plans in California, Blue Shield is guided by our mission to provide Californians with access to high-quality health care at a reasonable price. Our mission and values are embodied in our proposal to guarantee health coverage for all Californians, the first time a major health plan has called for universal coverage. Blue Shield is proud to have served Healthy Families members since the launch of the Program.

We believe that your authorization of this waitlist/disenrollment authority in anticipation of some future, as-yet unforeseen financial insufficiency is both unnecessary and inappropriate. In addition, we predict that making permanent these regulations will cause significant harm to the Program, to children covered by Healthy Families (current and future), and to their families. Finally, we draw your attention to the draconian formulation of these regulations as proposed and urge you to reconsider putting these policies into law.

These Regulations are Unnecessary and Inappropriate

Making permanent regulations that authorize MRMIB to create waitlists for new applicants and disenrollment procedures for current Healthy Families enrollees is both unnecessary at this time and an inappropriate response to a non-existent financial shortfall.

These Regulations Will Harm the Program

Making permanent regulations that specifically allow MRMIB to stop enrolling new members, place applicants on wait lists, and drop currently enrolled children will confuse subscribers and potential applicants. The current budget uncertainty and other proposed changes to HFP will exacerbate this confusion.



These proposed procedures for disenrollments and waiting lists will have negative impacts on the Healthy Families Program itself. This would undermine a decade of MRMI's and communities' investments in Healthy Families outreach and enrollment.

These Regulations Will Harm California's Children

Under this proposal:

- Children whose financial qualification for California Children's Services (CCS) is based solely on enrollment in Healthy Families are particularly at risk under this proposal. As you know, these chronically ill and disabled children are dependent on the interaction between the two programs to get timely appropriate care and avoid higher-cost hospitalizations to the extent possible.
- There is no required evaluation of the impact of waitlists and/or disenrollments (once they have been initiated) on the affected children and on the Program, nor is there a requirement for MRMI to report those findings to the Legislature.
- There is no mechanism to help determine whether children who are waitlisted or disenrolled may be eligible for health coverage elsewhere (e.g., Medi-Cal, local Healthy Kids program, etc.)
- There is no requirement that the Program provide written notification to families of their child's/children's wait listing or disenrollment.

At Blue Shield, we know that children without health insurance for even short periods are less likely to receive timely care. These children will be forced to obtain more expensive treatments for conditions that could have been prevented, and their lack of coverage will negatively affect their health, cause their families to incur medical debt, and increase the cost of health care for all Californians. We ask that you take into account this reality as you consider this proposal.

For all the reasons above, we strongly urge you to reject this effort to make permanent the emergency waitlist/disenrollment regulations you passed in December 2007. Authorizing these regulations as permanent is unnecessary, inappropriate, and, if passed, will cause significant harm to the Healthy Families Program and to California's children.

Sincerely,

A handwritten signature in black ink, appearing to read "Verne Brizendine".

Verne Brizendine
Director of State Programs